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IN THE

Supreme Court of the United States

OCTOBER TERM, 1947.

No. 506.

A. B. T. MANUFACTURING CORPORATION,
Petitioner,

vs.

NATIONAL SLUG REJECTORS, INC.,
Respondent.

RESPONDENT'S BRIEF URGING THAT CERTIORARI BE DENIED.

To the Honorable the Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States:

COUNTER-STATEMENT OF THE MATTERS INVOLVED.

The District Court found against petitioner on its contentions (a) of non-infringement and (b) that *its* patentee (Patzer) was the prior inventor of the invention, in suit, over respondent's patentee (Fry). By far the greater part of the trial and most of the evidence received was over the latter contention. (R. 528.)

In the Court of Appeals *both contentions were conceded,** by petitioner, in favor of respondent. (R. 522.) Therefore, the Court said: the "controversy is narrowed to the issue of *patentable* novelty." (R. 529.)

The only real issue,** in controversy, pressed before, and passed on by the Court of Appeals, was *whether there was lack of patentable invention, over the prior art.*

The Appellate Court, speaking through Circuit Judge Evans, in finding that the invention of Claim 21 of the patent (No. 2,292,628, R. 322), in suit, was not anticipated by, and amounted to *patentable invention over, the prior art,* applied and followed the well established rule in this and other Courts. (164 F. 2d 333.)

Here there is no conflict in decisions of Circuit Courts of Appeal. Nor does the claim dominate an entire industry, concentrated, or otherwise.

The patented device*** here involved is a spurious coin or token rejector. It was the first to solve the long existing problem of rejecting *spurious* coins or token of proper diameter but *underweight,* with no clogging possible, a feature highly stressed to the trade by the petitioner (R. 88, 271), and most important in commercial field service. (R. 22, 23, 27, 261.)

There are various kinds and types of coin selectors and rejectors but respondent's patented device is different, it embodies a combination of elements for preventing cheating by using a coin of proper diameter but *underweight.*

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* Italics ours unless otherwise mentioned.

** In addition, the Court disposed of the defense of aggregation "not seriously advanced by defendant" there (R. 533) and not presented here.

*** Illustrated by Figures 15, 16, 17 and 18 (R. 330), and covered by Claim 21 (R. 336), of the Fry patent in suit.

As the Appellate Court said (R. 532):

> "The prior art machines may have well served their purpose, yet they did not anticipate Fry, who was building a different kind of a machine designed to serve a different kind of purpose, namely, one which would prevent a cheater from cheating the machine with a different kind of coin from that used to cheat the prior art machines. Here lies the distinction upon which plaintiff rests its whole case.
>
> "It might not be going far afield to classify the cheaters into two classes—one we might call the prior art cheaters. They were the older artists or artisans who worked these coin machines successfully with spurious coins until new and better machines defeated their efforts. The second class is the modern or highly skilled cheaters who have found a way to beat the old machines through an underweighted coin. Plaintiff's machine was designed to thwart this kind of cheating. It was accomplished by using many of the old elements *and by adding new elements** which in practice successfully blocked the use of an underweight coin of proper size."

Respondent does not make vending machines but rejectors only. It introduced its rejector, embodying the invention in suit, to the trade in 1940. (R. 84-85.)

After it was suggested to the chief engineer of petitioner, by one of his associates, that petitioner should scrap its previous rejectors and follow respondent's it obtained samples of respondent's patented rejectors and constructed its first model by *actually using parts taken from respondent's.* (R. 51, 254.) Petitioner later, put its infringing device on the market some time subsequent to March, 1945 (R. 269, 271) and thereafter took out a patent (R. 514) swearing under oath that its copy amounted to patentable invention over the prior art.

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* Italics by the Court.

It is common and well-known that there are, and have been for many years, various vending machine manufacturers throughout the United States as indicated by the questions of petitioner's counsel (R. 90) all employing some kind of coin selector or rejector. While it is estimated in the Record (R. 81) that the investment in vending machines is on the order of two hundred and fifty million dollars, that estimate had reference to the *vending machines*. Respondent does not make vending machines but coin rejectors only, used as attachments for such machines. The rejector in question is a small device and as commercially sold by petitioner and respondent, can be held in the hand as will appear from the commercial samples in evidence and as indicated by the cuts of petitioner's device. (R. 271.) The orders received by respondent prior to April, 1942 amounted to about 100,000 units. After the war, that is, from V-J Day, until the time of the trial (April, 1946) the orders amounted to about one and one-half million dollars. (R. 85, 86.) Thus the rejector business in question represents only a small part of the investment in the vending machine industry. According to the testimony of Patzer, petitioner's chief engineer, defendant had been and was also at the time of trial (April 1946) making and selling its old models, not embodying the claim in suit. (R. 144.)

THE QUESTION.

Whether the claim in suit was anticipated by, or lacking in *patentable* invention over, the prior patented art?

That question is not presented in the petition for certiorari here.

The *hypothetical* questions of the petition can not be presented here as being founded on anything which the Court of Appeals *actually decided,* based on the record in this case.

REASONS URGED FOR DENYING CERTIORARI.

1. The main question the Court of Appeals decided, actually urged at the hearing, was whether the claim in suit was lacking in *patentable* invention over the prior art. The Court of Appeals, after carefully reviewing the prior patents in the light of the record, found that the claim in suit was not anticipated; that it was not lacking in patentable invention over the prior art; that it was not the work of a skilled mechanic; that it amounted to patentable invention. In doing so, it faithfully followed the most exacting decisions of this and other courts as to the law applicable, to such questions.

2. Petitioner has definitely misinformed this Court as to the real question decided by the Court of Appeals also as to its theory and reasons for its decision also as to the alleged questions presented in its petition, being here involved. The petition should be denied on that ground alone for failure to present the case accurately and fairly.

3. The case involves (a) no question of public importance; (b) no matter of avoiding conflict on the law; (c) no matter affecting the interest of the nation; (d) no case of importance which is in the public interest to have decided by this Court; (e) no principles, the application of which are wide public and governmental interests; (f) no doubtful question of law of such wide application that this Court should consider, to remove the doubt; (g) no questions as to dominating an *industry*, concentrated or otherwise, nor any angles of price fixing or anti-trust.

It involves *only* a question of personal interest in a *straight* patent suit, *where the Court of Appeals, by following the most exacting decisions of this and other Courts, held a patent claim valid because it found that it was not anticipated by, or lacking in patentable invention over the prior patented art.*

4. The petition for certiorari is patently worthless and without foundation, justification, or cause and obviously falls in that class of petitions for certiorari which are characterized as having been filed for delay.

ARGUMENT.

Point I.

The only real question decided by the Court of Appeals, in view of this record and as disclosed by the Opinion, was whether or not claim 21 in suit was lacking in patentable invention over the prior patented art. After a careful review of the prior art, it found Claim 21 was not anticipated, was not lacking in patentable invention over the art and was not the work of a skilled mechanic. So finding, it held the claim valid. There is no conflict between the decisions of the Circuit Courts of Appeal. Therefore the petition should be denied for this Court held, in *General Pictures Co.* v. *Electric Co.*, 304 U. S. 175 (Decided May 2, 1938), 178, 179, that a writ would not be granted to review merely the question of anticipation and invention where there is no conflict between the Circuit Courts of Appeal citing *Layne & Bowler Corp.* v. *Western Well Works*, 261 U. S. 387, 393. *Keller* v. *Adams-Campbell Co.*, 264 U. S. 314.

The question before this Court *now is whether a writ should issue merely because the Appellate Court found that patentable invention existed over the prior art.*

If the writ issues solely on such ground that, in effect, means, in this case, a direct appeal probably resulting in petitions, for writs, being thereafter presented, for consideration, by this Court, in every case where invention is found regardless of proper grounds—throwing a further heavy burden on this Court.

Point II.

The Court of Appeals, *in the present case,* did not decide, as inexcusably contended by petitioner, a federal question in direct conflict with the applicable rule of this Court in *Cuno Engineering Corporation* v. *Automatic Devices Corporation,* 314 U. S. 84, or any of the decisions cited by the petitioner in the footnote on page 8 of its petition.

In the Cuno case, at page 90 this Court said:

> "Under the statute (35 U. S. C. § 31; R. S. § 4886) the device must not only be 'new and useful,' it must also be an 'invention' or 'discovery.' *Thompson* v. *Boisselier,* 117 U. S. 1, 11. Since *Hotchkiss* v. *Greenwood,* 11 How. 248, 267 decided in 1851, it has been recognized that if an improvement is to obtain the privileged position of a patent more ingenuity must be involved than the work of a mechanic skilled in the art."

That rule was fully appreciated and followed by the Court of Appeals in this case. It is made *perfectly clear over and over* that even though the claim is not anticipated, it is not sufficient that it cover *only* the work of a skilled mechanic but *must* cover a concept and disclosure of a device which amounts to *patentable* invention over the prior art.

The Court of Appeals, after stating (R. 524):

> "The courts, however, have long recognized that there must be something present which modifies the kind or quality of the novelty. They have long, if not always, required that there be something in the originality,—something about the novelty, which makes the 'new' in the mechanism something to cause the court to say 'here an inventor labored.' * * *"

cited its prior (1943) decision* between different parties

* *Chicago Steel Foundry Co.* v. *Burnside Steel Foundry Co.,* 132 F. 2nd 812.

on a different patent, where the Court held, among other things, that it "must be always kept in mind that *patentable novelty or invention calls for something more than the skill of the mechanic.*" It is true, reference was later made to a flash of genius in that Opinion, but what was said as to that term in the 1943 case, is not in any manner, shape or form involved in the case now before this Court. We characterize such tactics by petitioner as wholly improper and as being an abortive attempt to review another case decided in 1943, foreign to the subject and parties here.

That the Court of Appeals did not modify the statute or any of the decisions of this Court but followed the decisions of this Court and the Statute, as interpreted by this Court, will be demonstrated by the most casual reading of its Opinion. (R. 522.) Thus it is clear that the petitioner unpardonably misinformed this Court by repeatedly saying that the Court of Appeals held the claim in suit valid on the theory that *nothing more* than mere novelty and utility was necessary to make the device patentable*, and by

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* A reading of the Opinion clearly shows that before holding the claim valid, the Court had in mind and applied the correct rule consistently with the decision of this Court, for it said among other things:

1. "Was Fry, when he brought forth his coin selector, an *inventor*, or was he a mechanic?" (R. 523.)
2. "Before going into the details of this particular structure, it should be noted that there is no question but that there were both (a) utility and (b) novelty, in plaintiff's coin selector. (R. 523.)
3. "The Courts • • • have long recognized that there must be something present which modifies the kind or quality of the novelty. They have long, if not always, required that there be something in the originality,—something about the novelty, which makes the 'new' in the mechanism something to cause the court to say 'here an inventor labored'." • • • (R. 524.)
4. "We must study the prior art and ascertain to what extent the field was closed to Fry by virtue of the patents" of the prior art. (R. 525.)
5. "• • • Was the new combination the work of a skilled workman or the product of an *inventor*" • • •. (R. 525.)
6. "As the years and decades have passed by, it is quite

repeatedly saying and contending that the Court of Appeals "refused to follow the rule of law with respect to the patent statute as announced by this Court" in the Cuno Engineering case and by presenting the four incorrect and unfounded questions on Page 7 of its Petition which can not possibly be presented on the record and Opinion in this case.

After carefully reviewing the prior patents, separately and collectively, the Court found that the invention of the claim in suit was not anticipated by or lacking in *patentable invention* over the prior art and that Fry's was a different kind of rejector designed to serve a different kind of purpose; namely, one which would prevent a cheater from cheating the vending machine with a coin of proper size but *underweight.*

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clear that the test of *patentable novelty* has grown more and more severe and exacting." (R. 525.)

7. "True, the test may be well described in the same old phrases, to-wit, mechanical skill and *inventive genius*" • • •. (R. 526.)

8. "The second significant factor is the rule of law applicable to a case where the controversy is narrowed to the issue of *patentable* novelty and where it is established that utility and novelty exist. Upon such a showing the courts have placed the burden upon the infringer to show the *novelty was not patentable.* This we think is a logical deduction from the copying by the infringer. Citing: *Mumm* v. *Decker & Sons,* 301 U. S. 168; *Cantrell* v. *Wallick,* 117 U. S. 689; *The Barbed Wire Patent,* 143 U. S. 285; *Chicago Steel Foundry* v. *Burnside Steel Foundry,* 132 F. 2d 812." (R. 529.)

9. "• • • the burden was on the infringer, to show the novelty was insufficient." (R. 529.)

10. "• • • a long line of decisions holds that the invalidity may be declared where the novelty represents only the action of a mechanic." (R. 530.)

11. "Blocking the way to Fry's claim as an *inventor* are three patents which are part of the prior art and deal with combinations of the same general character as the patent in suit.

"There are other structures in the prior art, but the District Court relied on three patents which counsel relied on in the oral argument in this Court." (R. 526.)

There is nothing whatever in that Opinion in any matter, shape or form in variance with or contrary to the uniform decisions of this, or other Courts having to do with patents. Thus we urge with all sincerity that, in view of petitioner's failure to present the case accurately and fairly, and particularly in view of its actions in definitely misinforming this Court, by repeated unfounded statements and contentions, its petition should be stricken and denied.

Missouri Pacific R. R. Co. v. *Hanna,* 266 U. S. 184 (1924).

Furness, Withy & Co., Ltd. v. *Yang-Tsze Insurance Association, Ltd.,* 242 U. S. 430, 433 (1917).

U. S. v. *Rimer,* 220 U. S. 547, 548 (1911).

Southern Power Co. v. *North Carolina Public Service Co.,* 263 U. S. 508, 509 (1924).

FURTHER COMMENTS.

If the decision of the Court of Appeals in the American Steel Foundry case, decided in 1943, was in variance, or conflict with the decision of this Court, in the Cuno Engineering case, that situation can not now here be reviewed. Petitioner's *abortive* attempt so to do should be stricken and denied.

Because all others have respected respondent's patent, petitioner should not be entitled to certiorari merely to review a finding of the Court of Appeals that a patent claim was not lacking in *patentable* invention over the prior art, where that Court in so doing followed the most exacting decisions of this and other Courts. The petitioner must think it has a right of *direct* appeal and that the act making the decisions of the Court of Appeals in patent cases final, is a nullity.

In the patent cases in this Court, cited by the petitioner (p. 6), involving domination and concentration of an entire industry, it is quite clear from the files that the writs were not granted solely on that ground, for the domination and concentration were grouped with *other things, situations and questions, wholly lacking in the present case.* Further, as we said before, domination and concentration of an entire industry does not exist in the present case.

The Court of Appeals, after referring to respondent's tactics in connection with its action (both in the District and Appellate Courts) said, such action (R. 529), "carries several adverse deductions, one of which is bad faith and lack of sincerity in its contention of invalidity".

We have thought much about lack of sincerity in petitioner's presentation here, for it certainly is not fair or accurate and is not based on the record or the Opinion below and further because it submits *hypothetical* questions which can not be presented on the record in this case. We see no purpose, except delay.

CONCLUSION.

In view of the reasons heretofore pointed out, we sincerely believe and urge that the petition for certiorari be denied.

Respectfully submitted,

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